

Minutes

Joint Legislative Committee on Mental Health, Developmental Disabilities And Substance Abuse Services Funding Equity Work Group

Thursday, February 7, 2002

1:00 p.m.

Room 415, Legislative Office Building

The Funding Equity Work Group of the Joint Legislative Committee on Mental Health, Developmental Disabilities and Substance Abuse Services met on Thursday, February 7, 2002 at 1:00 p.m. in Room 415 Legislative Office Building. Senator Metcalf called the regular meeting of the Funding Equity Work Group to order at 1:00 p.m. Senators Allran, Dannelly, Harris, Lucas and Metcalf, and Representatives Insko (Co-Chair), Church, Earle, Gray, and Nye attended the meeting.

Dr. Visingardi, new Director of Mental Health, Developmental Disabilities and Substance Abuse Services was introduced to the committee and made a few remarks.

Dr. Mary Fraser was recognized to summarize past work group discussions and to review the reform vision. She said that Ms. Hammonds-Blanks provided the committee with a number of graphs and tables to demonstrate current and historical financing methods of the MH/DD/SAS system that resulted in an unequal allocation of state and federal resources to North Carolina's 39 area programs and among disability groups. On a per capita basis, the range goes from the lowest total allocation of \$73.82 to the highest of \$169.38. In state appropriations, the per capita variance ranges from a low of \$27.68 to a high of \$60.94. Some area programs have access to more resources to deliver more services than others. It's not money alone that explains these differences among area programs. As the Oversight Committee looks at changing the MH/DD/SAS system, the current funding scheme needs to be examined, as it appears to support a disparity in access to quality services across the state.

How did we get here? In answer to the question, Dr. Fraser said that the original Community Mental Health Centers Act in the 1960's provided funding from the federal government to the mental health centers. That funding formed the basis of North Carolina's area programs. The community mental health center funding from the federal government was not based on statewide equity. Each local community was able to apply for funds independently without an overall state plan. In looking at a 1979 MH/DD/SAS planning document, the funding range of state dollars across the system went from a low of \$3.94 per capita to a high of \$15.23.

From time to time, the General Assembly has recommended using new money to narrow the funding gap by allocating fifty percent of new funding on a per capita basis and fifty percent to go to the lowest per capita. But, over the past 10 years, the Legislature has chosen to target new money to critical service gaps instead of distributing it. This has, in effect, narrowed the gap because there appears to be a relationship between where these gaps in services occur and the location of low-funded areas.

HB381 has created a new vision of the system. We are creating consolidated Local Management Entities (LMEs) to target state dollars to those most in need. As the new system is constructed, the Legislature needs to develop a financing strategy to support it. The vision of the new system is based on dollars following those most in need and assuring that those individuals will have equal access to needed services, wherever they live. How we will be able to finance the new system will be explored at a later date.

Senator Harris asked if information was available to look at the differences in the kinds and amount of services from the highest to the lowest funded areas. Dr. Fraser responded yes, the information would be provided by the Department at a later meeting.

Senator Metcalf asked if areas with lower levels of state and federal spending have proportionately higher levels of local spending. Dr. Fraser responded that is true in some areas but not across the board.

Senator Harris asked if based on population the needs are disproportionate throughout the state. Dr. Fraser responded that some areas have facilities, and these facilities attract people with more needs to their area.

Ms. Tara Larson, Assistant Director of the Division of Mental Health, Developmental Disabilities and Substance Abuse Services was recognized to explain the North Carolina MH/DD/SAS State Plan-“Plan 2001: Blueprint for Change” (Attachment 1).

Representative Nye asked if current psychologists and psychiatrists would be dismissed when the plan is implemented. Ms. Larson responded that transitioning personnel gradually would be a crucial part of the reform at the state level as well as the local level. The state plan speaks to transition, provider development, and network development within the community. Because of a change in the service mix, the functions of service providers will change. Reform must be proactive and help guide our state. The reform and funding need to be driven by the vision and the values of what mental health, developmental disabilities and substance abuse services should be.

Dr. Visingardi commented that the plan opens up the opportunity in communities to look at how a provider network would evolve. The state and area programs will need to think about the management side as well as the service and delivery side of the network. We may find that a number of model practices we engage in now are not needed. Outpatients may need community-based case managers instead of two fifty-minute office visits. On the management level, we will be looking at a different kind of accountability. In developing competencies of staff, there may need to be a shift of functions both on the service delivery side and the management side. Another part is figuring out how to develop this network of providers in the community.

The concept the state will promote is emerging best practices. We will stop providing services that people do not want and do not need and we will start providing support based in the community. Those changes will have an economic impact as well as a human impact.

Ms. Larson stated that the plan is a different approach to how service is delivered. The focus of a treatment planning process and the team process is very different in a participant driven

process. Dr. Visingardi added that under the new model the person is placed at the center of the plan. Mental health dollars, developmental disability dollars and substance abuse dollars are part of what would pay for support of community services. Part of the participant-driven model is to work with families and consumers to come up with the most reasonable ways to meet consumer needs.

Representative Nye asked if there are still adequate funds in the system. Ms. Larson responded there is a lot of realignment of funding that can be done to serve more people in a different way, without putting additional money in the system. The division has asked for bridge funding in order to assist with implementing the plan. A lot can be done over the next two to three years, using the money from the facilities and the bridge money without putting more into the system.

In response to a question from Representative Church, Ms. Larson responded there are two levels of accountability. There will be local management/financial accountability and a state process. The Division would manage the LME, looking at their financial accountability, and the LME would manage the local level within the network. There are rules now that require single audits to be conducted. The whole way of defining financial accountability will change.

Senator Harris asked if there would be a cap on costs for individuals. Ms. Larson replied that it depends on differences in disabilities; for example, the Office of Developmental Disabilities is looking at funding limits per person. There is no definite maximum amount of dollars that could be spent on any one person. The Division will have to look at spending caps from a health and safety position. Dr. Visingardi added that Medicaid has some entitlement requirements.

Ms. Larson responded that the state could establish when it needs an outside review or independent review so those caps can be put in place. The Division will develop the process and present it to the Legislative Oversight Committee (LOC).

Ms. Larson responded to a question from Senator Metcalf about legislation needed to implement reform for funding equity. One of the requirements from the Controller's Office within the Department is the ability to leverage some sanctions on a private provider who has not submitted a cost statement within a timely manner. The public and private sectors would operate under the same rule. If the Division requires an area or county to submit cost reports, we would also require that of a private provider. This is not currently provided for in statute.

Senator Metcalf had to leave and Representative Insko assumed the chair.

Senator Harris asked how many area programs have volunteered to be a pilot. Ms. Larson responded that six have volunteered. There are also some counties who are interested in being a pilot or in phasing-in a county model.

Representative Earle asked how the Division would allocate funds to some area programs that use state or other facilities. Ms. Larson responded there are three main components of funding: the LME function, the service package for target population, and the state facilities. Funding for all three must be considered in total, not as isolated factors.

After Ms. Larson's presentation and questions from the committee, Representative Insko asked if any member of the audience wished to comment.

Ms. Louise Fisher, Special Education Teacher, Advocate for the Mentally Ill, asked how the Division would measure the outcomes. Ms. Larson answered that there are two levels of outcome: one is a system outcome and the other is a client or consumer outcome. Both of those have to be defined so that they are measurable.

Paula Cox, Ph.D. stated that her philosophy is personal, because her sister requires services. She added that she is concerned about the vulnerable people who want to stay in institutions, who are extremely fragile, and who would be harmed by being moved.

Ann Rodriquez, North Carolina Council of Community Programs, stated that the group is planning how they are going to implement the plan. The Council's position reflects the guidance and assistance they need from the Division and the General Assembly to do their planning (Attachment 2).

David Richard, Director, ARC of North Carolina, said that the statements the Department has made are consistent with the majority of families and consumers who have developmental disabilities around the state. He agrees that the Committee is on the right course and he appreciates the support of the members of the General Assembly. He looks forward to working with the General Assembly and the Division.

Representative Gray moved adoption of minutes of the January 23, 2002 meeting. The motion carried unanimously.

Representative Insko adjourned meeting at 3:00 p.m. The next meeting will be at 10:00 a.m. on March 6, 2002 in Room 415 Legislative Office Building.

Senator Stephen Metcalf, Co-Chair

Representative Verla Insko, Co-Chair

Bonnie McNeil, Committee Assistant